

# Calendar No. 745

82D CONGRESS  
1st Session

}

SENATE

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REPORT  
No. 790

## REPEALING SECTION 104 OF THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

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SEPTEMBER 20 (legislative day, SEPTEMBER 19), 1951.—Ordered to be printed

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Mr. FULBRIGHT, from the Committee on Banking and Currency,  
submitted the following

### REPORT

[To accompany S. 2104]

The Committee on Banking and Currency to whom was referred the bill (S. 2104) to repeal section 104 of the Defense Production Act of 1950, as amended, having considered the same, report favorably thereon and recommend that the bill do pass.

#### GENERAL STATEMENT

S. 2104 would repeal section 104 of the Defense Production Act of 1950, as amended, which placed an embargo on the importation of certain commodities until June 30, 1952, upon a finding by the Secretary of Agriculture that any one or more of the three criteria set forth in that section exist.

Section 104 reads as follows:

SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese, and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section.

## SUMMARY OF REASONS FOR REPEAL

Your committee believes this section should be repealed for the following reasons:

(1) Alternative statutes to accomplish the necessary protection of domestic industry are in full force and effect; particularly section 101 of the Defense Production Act of 1950, section 22 of the Agricultural Adjustment Act, as amended, and section 7 of the Trade Agreements Extension Act of 1951.

(2) Representative farm groups oppose section 104 as harmful to agriculture.

(3) The President, the Department of Agriculture, the Department of State, and the Economic Cooperation Administration oppose section 104 as harmful to the interests of the United States.

(4) No hearings were held on section 104 nor did it receive committee consideration before it became part of the Defense Production Act.

(5) United States agricultural exports exceed United States agricultural imports, especially in the field of dairy products. Our agricultural exports are likely to suffer from action under section 104.

(6) Depriving other countries of a source for dollars through trade will result in a reduction of their imports from the United States, or in the alternative will increase the need for grants and loans by the United States to such countries.

(7) Section 104 is inconsistent with United States world leadership in attempting to reduce trade barriers.

(8) Ten nations have already protested enactment of section 104, some claiming it violates the law and spirit of the General Agreement on Tariffs and Trade.

## LEGISLATIVE HISTORY

This provision did not appear in S. 1717, the Defense Production Act Amendments of 1951 (which became Public Law 96, 82d Cong.), as it was reported by this committee to the Senate. Neither did it appear in H. R. 3871, the House version of S. 1717, as reported by the House Committee on Banking and Currency in the House of Representatives. The substance of section 104 was offered on the Senate floor as an amendment to S. 1717 and was adopted but it was not a committee amendment. Similar language was offered on the House floor as an amendment to H. R. 3871 and was approved. Likewise it was not a committee amendment. Under the rules which the managers on the part of the House believed governed them, the substance of section 104 could not be changed in the conference held on S. 1717 by the two Houses of Congress.

Under the foregoing circumstances, there was no opportunity for hearings on the provisions in section 104.

OTHER STATUTES AUTHORIZING IMPORT CONTROLS

On the same day upon which the conference report on S. 1717 was adopted by the Senate, the Secretary of State addressed a letter to the chairman of your committee stating that enactment of section 104 would be positively harmful to the interests of the United States and furthermore was unnecessary because of the existence of administrative machinery under other statutes designed to protect American industry and production against unfair competition. The statutes to which the Secretary had reference are—

(1) Section 22 of the Agricultural Adjustment Act (of 1933), as amended,<sup>1</sup> the most recent amendment appearing in section 8 of Public Law No. 50, Eighty-second Congress, approved June 16, 1951<sup>2</sup>; and

<sup>1</sup> SEC. 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided further*, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other basis as he shall determine.

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States.

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section.

(e) Any decisions of the President as to facts under this section shall be final.

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section.

<sup>2</sup> SEC. 8. (a) In any case where the Secretary of Agriculture determines and reports to the President and to the Tariff Commission with regard to any agricultural commodity that due to the perishability of the commodity a condition exists requiring emergency treatment, the Tariff Commission shall make an immediate investigation under the provisions of section 22 of the Agricultural Adjustment Act, as amended, or under the provisions of section 7 of this Act to determine the facts and make recommendations to the President for such relief under those provisions as may be appropriate. The President may take immediate action however, without awaiting the recommendations of the Tariff Commission if in his judgment the emergency requires such action. In any case the report and findings of the Tariff Commission and the decision of the President shall be made at the earliest possible date and in any event not more than 25 calendar days after the submission of the case to the Tariff Commission.

(b) Subsection (f) of section 22 of the Agricultural Adjustment Act, as amended, is hereby amended to read as follows:

"(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section."

#### 4. REPEAL SECTION 104 OF DEFENSE PRODUCTION ACT OF 1950

(2) The Trade Agreements Extension Act of 1951 (Public Law 50, 82d Cong.) approved June 16, 1951; particularly the "escape clause" procedure created by section 7.<sup>3</sup>

In addition, the President possesses broad powers of import control under that portion of section 101 of the Defense Production Act of 1950, which provides:

The President is hereby authorized \* \* \* (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

It was under very similar language in the Second War Powers Act that he exercised import controls during World War II.

WHY PUBLIC LAW 590, EIGHTY-FIRST CONGRESS, WAS NOT EXTENDED

Because of this, the Department of Agriculture and the Department of State were of the opinion it was unnecessary to extend Public Law 590, Eighty-first Congress. That law represented the last vestige of the broad power originally granted to the President by the Second War Powers Act. It expired July 31, 1951, having been extended to that time by Public Law 69, Eighty-second Congress. Public Law 590 set one criterion for import controls over certain products in world short supply and another criterion for certain products of which there was a domestic excess. As to the first, such as rice, United States import controls were to be imposed to leave an adequate supply of this commodity for world areas requiring it more than the United States. As to the second, such as linseed oil, United States import controls were to be used to enable the Commodity Credit Corporation to dispose of its surplus stocks of this product in an orderly manner. Public Law 590 contained no provision as such to allow imposition of import controls to maintain the then

<sup>3</sup> SEC. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party, the United States Tariff Commission shall promptly make an investigation and make a report thereon not later than one year after the application is made to determine whether any product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

In the course of any such investigation whenever it finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury. Within sixty days, or sooner if the President has taken action under subsection (c) of this section, the Tariff Commission shall transmit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives an exact copy of its report and recommendations to the President.

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers.

(c) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry. If the President does not take such action within sixty days he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.

(d) When in the judgment of the Tariff Commission no sufficient reason exists for a recommendation to the President that a concession should be withdrawn or modified or a quota established, it shall make and publish a report stating its findings and conclusions.



current amount of United States production of the product in question. In commenting on S. 1665, Eighty-second Congress, a bill to extend Public Law 590, the Department of Agriculture recommended against its passage on the ground it was not needed in view of the existence of section 101 of the Defense Production Act of 1950, and section 22 of the Agricultural Adjustment Act, as amended.

#### PROCEDURE UNDER SECTION 22, AGRICULTURAL ADJUSTMENT ACT

Section 22 of the Agricultural Adjustment Act, as amended, sets up procedure for an investigation and finding by the United States Tariff Commission preliminary to action by the President to restrict imports which would materially interfere with any loan, purchase, or other program or operation undertaken by the Department of Agriculture or which would substantially reduce the amount of products domestically produced from any agricultural commodity or product which is the subject of any such program or operation. Under Public Law 50, Eighty-second Congress, the President may take remedial action without awaiting the recommendations of the Tariff Commission in the event the Secretary of Agriculture determines that a condition exists requiring emergency treatment in the case of perishable agricultural commodities. Under such a determination by the Secretary, the President must decide in any event not more than 25 days after the case has been submitted to the Tariff Commission in a report by the Secretary of Agriculture.

It is noted that by Federal Register, Document 51-11196, filed September 14, 1951 (16 F. R. 9343), the Secretary of Agriculture has by order issued September 12, 1951, set up a procedure for a hearing by the Administrator of the Production and Marketing Administration in the Department of Agriculture as a basis for action by the Secretary under section 22 of the Agricultural Adjustment Act, as amended. As amended by Public Law 579, Eighty-first Congress, approved June 28, 1950, and Public Law 50, Eighty-second Congress, approved June 16, 1951, section 22 requires action by the Secretary of Agriculture as a first step in obtaining action by the President, with or without an investigation by the Tariff Commission. Since a hearing is required by the Tariff Commission in all cases except where the President determines emergency treatment is required for perishable commodities, it is hoped that the new requirement for a hearing before the Administrator of the Production and Marketing Administration will not be administered so as to unduly delay remedial action under section 22 in cases where it is required.

Your committee well remembers the undesirable effect of the importation of potatoes in quantity at a time when our own domestic price-support program for that commodity was undergoing a severe strain because of a bumper crop. Your committee is well aware that our agricultural price-support programs are not intended to support a world price for the particular commodity which is the subject of the support program. Constant vigilance is required to see that our domestic-support programs are not destroyed by dumping tactics practiced abroad. Your committee is of the opinion that adequate machinery exists to prevent unfair competition with American agriculture under such statutes as the Agricultural Adjustment Act, the Trade Agreements Extension Act, and section 101 of the Defense Production Act of 1950.

Section 22 of the Agricultural Adjustment Act creates an orderly machinery to prevent undue interference with price-support and other programs undertaken by the Department of Agriculture.

#### PROCEDURE UNDER SECTION 7, TRADE AGREEMENTS EXTENSION ACT

Under section 7 of the Trade Agreements Extension Act, remedial action is authorized after a hearing by the Tariff Commission if any product upon which a concession has been granted under a trade agreement, is being imported in such increased quantities as to threaten serious injury to the domestic industry producing like or directly competitive products. The increase in imports under this statute must be the result, in whole or in part, of the duty reflecting the concession granted such product in the trade agreement.

Both these statutes provide orderly procedure in the form of hearings at which arguments pro and con may be made.

#### POWERS UNDER SECTION 101, DEFENSE PRODUCTION ACT

If any particular case requires quicker action, however, it may well fall within the broad power granted the President by section 101 of the Defense Production Act of 1950. Under that section, he may allocate materials and facilities as he deems appropriate to promote the national defense. It was under similar language he invoked import controls in World War II. No specific procedural steps are required for the use of that authority. Hence it lends itself to speedy use where the occasion requires. The single criterion is that the action be appropriate to promote the national defense in the opinion of the President. This section would not be affected by the repeal of section 104. Consequently, if, for example, imports of peanut oil threaten to disrupt the domestic production of peanuts and peanut oil and he believes the continued domestic production of these products to be essential to forestall the danger of being cut off from foreign sources of peanut oil in the event of the outbreak of hostilities, he should very appropriately take immediate action to restrict imports to the extent he deems necessary to promote the national defense. Your committee believes that the ever-increasing trend toward total absorption of military and civilian production and personnel in prosecution of wars, requires that the connotation of "national defense" be likewise broad in scope.

In view of these broad and flexible powers now possessed by the executive department, your committee believes there is no need for a provision such as section 104 of the Defense Production Act of 1950, as amended. As written, that section permits no sliding scale of remedies, but states flatly that if certain conditions are found to exist, there must be an arbitrary limitation of the product involved until after June 30, 1952. Its repeal will leave the executive department with ample authority to take remedial action suited to the problems arising from time to time.

#### STIMULATIVE EFFECT OF IMPORTS

Neither does it allow for the fact that in the long run domestic production is often stimulated, not depressed, because imports create

an American liking for certain products, and this attraction to the product constitutes the demand which encourages and sustains domestic production of the product. An example of this is found in imports of Swiss cheese, as a result of which a domestic manufacturing industry has been encouraged. Testimony was presented to your committee to show that from 1941 to 1946 United States production of Swiss cheese remained fairly constant at about 48 million pounds per year. During this period there was practically no importation of foreign-made Swiss cheese. Imports of Swiss cheese made in Switzerland during this period varied from 0 pound in 1944 to 446,050 pounds in 1941. In 1947, although such imports increased to 447,600 pounds, domestic production increased to 71,612,000 pounds. By 1950, although imports of Swiss cheese from Switzerland had expanded to 6.3 million pounds, domestic manufacture of the product increased to 101,857,000 pounds. Moreover, domestic consumption of cheese of all types increased during the same period. Totaling 791 million pounds in 1940, it increased to 989 million pounds in 1947 and further increased to 1,137 million pounds in 1950, according to statistics issued by the Department of Agriculture.

Yet a cut in United States imports of Swiss cheese made in Switzerland deprives Switzerland of an equivalent amount of dollars with which to purchase goods from the United States.

#### SWISS AND ITALIAN IMPORTS FROM THE UNITED STATES

According to the United States Bureau of the Census preliminary data for the year 1950, Switzerland imported from the United States \$6 million of animal fats, \$5.2 million of cotton, \$8.4 million of tobacco, \$8.8 million of grains, \$4.9 million of oilseeds and vegetable oils, \$28.4 million of machinery and automobiles, \$14.7 million of metals and minerals, and \$11.9 million of textiles.

During the same period, Italy imported the following value of products from the United States: \$103 million of cotton, \$6.7 million of corn, \$6.9 million of oilseeds and vegetable oils, \$8.4 million of tallow and other animal fats, \$19.4 million of wheat and wheat flour, \$24.5 million of chemical products, \$91.3 million of machinery and automobiles, \$25.2 million of metals and manufactures, \$11.6 million of textile products, and \$9.7 million of petroleum products.

#### CERTAIN UNITED STATES AGRICULTURAL IMPORTS AND EXPORTS

The following tabulation shows agricultural imports by the United States and agricultural exports from the United States by the particular countries immediately affected by section 104:

##### 1950 agricultural imports and exports

	Exports	Imports
Canada.....	\$249,520,000	\$264,887,000
Denmark.....	25,536,000	6,979,000
France.....	145,939,000	21,909,000
Italy.....	153,357,000	44,491,000
Netherlands.....	133,740,000	24,027,000
New Zealand.....	58,442,000	4,943,000
Switzerland.....	39,226,000	7,421,000
Total.....	805,760,000	374,657,000

It should be noted that our agricultural exports to these countries outvalue our agricultural imports from these countries by better than two to one. It is interesting to note that even in the field of dairy products alone, 1950 exports from the United States exceeded imports by two and one-half times, according to a statement filed with your committee by the American Farm Bureau Federation. Unless these and other countries can continue to obtain dollars by trading in their exports or otherwise, they must cut down on their imports from the United States.

#### DANGEROUS EFFECTS OF REDUCING UNITED STATES EXPORTS

The danger in this process is that it causes a chain reaction of reduced purchasing power in the United States for those in trades and occupations whose products are no longer exported. In turn this may eventually lead to a situation where the domestic market no longer has the dollars with which to buy the domestic product intended to be protected by the imposition of import controls. This is, of course, an example of a contracting economy.

This arbitrary, protectionist attitude is the first step on the road to isolationism directly counter to the role of world leadership occupied by this Nation today. The founding fathers of our country wisely broke down the trade barriers existing between States in colonial times. No one is currently suggesting a return to that condition of interstate restriction. Nor should such a condition be encouraged by this Nation in the field of international relations. We should long since have learned that there are certain advantages possessed by various places in the world which make it most advisable on a universal basis to afford such areas an opportunity to produce those products they can make best. Our energies can then most profitably be devoted to making the products we in turn can produce best due to factors of natural resources, scientific techniques, and mass production methods. Conceivably at great expense and under artificial conditions, this Nation could grow rubber trees and produce natural rubber. But considering the tremendous handicap placed in the way of such a venture by climatic conditions, it is mutually advantageous to import natural rubber from areas where it can most economically be produced while we devote our attention to products we can produce more efficiently, such as rubber tires. It becomes of maximum efficiency for both this Nation and that which grows the natural rubber to exchange directly or through third parties the goods each can produce best. Accomplishment of this desired result, however, cannot thrive in the atmosphere of arbitrary trade barriers. This is not to say that this country can immediately and abruptly embark upon a free-trade policy, because unfortunately other factors enter the picture and demand attention, such as differences in economic and living standards, international friendships and animosities, and the dictates of national security. But national policy should be directed along the paths of reducing arbitrary trade barriers wherever possible and practicable.

We cannot expect to achieve the full economic recovery we seek for friendly nations unless we afford them a fair opportunity to establish or rebuild legitimate international trade as a source of dollars. To modify Ben Franklin's observation, a penny earned by one of our allies is a penny saved by the American taxpayer in outright grants or loans to that ally.



The process of an economy ever contracting in scope is in danger of getting under way either because of dollar shortage in the hands of would-be purchasers of United States exports or because of retaliation by these would-be purchasers against what they consider to be arbitrary and unfair restrictive action by the United States against imports from their countries.

#### PROTESTS FROM FRIENDLY NATIONS

Formal memoranda have already been received by the Department of State from the Governments of Canada, Denmark, France, Italy, Netherlands, New Zealand, and Switzerland. Argentina, Australia, and Norway have also protested. The first six nations named have protested action under section 104 as being in violation of the letter and spirit of the General Agreement on Tariffs and Trade, and detrimental to tariff concessions negotiated under GATT. Some of these countries have stated that this action on the part of the United States is inconsistent with its actions in taking the lead in attempts to break down trade barriers in Europe and elsewhere.

The Netherlands reminds us that when considering the initiation of new exports to the United States, private Netherlands firms will start to doubt whether the investment involved is worth while since new import restrictions may frustrate any endeavors they might have started.

Italy invites attention to the danger that a cut in United States cheese imports from Italy will increase the Italian trade deficit and finally force her to reduce her purchases of wheat, cotton, and other agricultural products in the United States. Italy points out this should be of vital interest to American farmers and will cause a further burden of expenditure to American taxpayers in carrying out price-support programs for these unexported commodities.

This seems especially true since in their current needs for defense, these countries are liable to sacrifice imports of American agricultural commodities and maintain as long as possible their imports of American manufactured products more generally required for defense purposes.

#### POTENTIAL LOSSES OF UNITED STATES

In the long run, the United States has potentially more to lose than gain from this loss of exports, since our total exports have consistently exceeded total imports during the last 4 years and so far during the current calendar year, as shown by the following table.

[Dollar amounts in billions]

	Calendar year—				
	1947	1948	1949	1950	1951 <sup>1</sup>
Exports.....	15.3	12.6	12.0	10.2	7.3
Imports.....	5.7	7.1	6.6	8.8	6.0
Excess of exports over imports.....	9.6	5.5	5.4	1.4	21.3

<sup>1</sup> First half.

<sup>2</sup> Annual rate of \$2.7 billion.

NOTE.—In July 1951, the annual rate of exports over imports increased to \$3.3 billion

## 10 REPEAL SECTION 104 OF DEFENSE PRODUCTION ACT OF 1950

According to Under Secretary of Agriculture McCormick, in recent years we have been exporting something over \$3 billion worth of farm products annually. It is interesting to note that according to figures released by the Department of Commerce, a 10-percent decrease in July 1951 United States exports from June export levels is traceable to smaller exports of cotton, wheat, and other grains. The publication Foreign Agricultural Trade issued by the Department of Agriculture for calendar year 1950 states on page 3 that 1950 United States exports of domestic agricultural commodities were 26 percent below the peak postwar value of \$3.9 billion in 1947, reflecting "reduced exports of almost every kind but mainly wheat and wheat flour, corn and cornmeal, milk and cream, peanuts, cheese, lard, refined soybean oil, barley grain, oats and oatmeal, feeds and fodders, soybeans, and rye grain."

### FARM GROUPS OPPOSE SECTION 104

That representative farm groups of this Nation realize the undesirable implications of legislation such as section 104 is shown by testimony presented to your committee on behalf of the American Farm Bureau Federation and the National Farmers Union. Both favor repeal of section 104 on the ground it is detrimental to agriculture as a whole, in the United States, and to the Nation itself.

### SMALL NUMBER IN UNITED STATES OPPOSE REPEAL OF SECTION 104

It is worthy of note that the only persons indicating any immediate personal benefit from section 104 are some twenty-odd manufacturers of blue cheese. That they also appreciate the existence of alternative statutory procedures at their disposal is shown by the fact that they have petitioned for a Tariff Commission hearing under section 7 of the Trade Agreements Extension Act of 1951. Representatives of the fluid-milk industry and the animal-fat renderers concede that imports of directly competitive products in their fields have been negligible over the past few years. They prefer retention of section 104 as outright protection for their industries against the possibility of imports.

### EXECUTIVE DEPARTMENT RECOMMENDS REPEAL OF SECTION 104

In his recent special message to the Congress, the President recommended repeal of section 104. The same recommendation was made to your committee in testimony given on behalf of the Department of Agriculture, the Department of State, and the Economic Cooperation Administration.

### CONCLUSION

Your committee is of the opinion this is a matter requiring a flexible approach to meet specific problems when, as and if they arise. It does not call for slamming down an impenetrable iron curtain against certain broad categories of commodities and products which happen to be included within the scope of section 104. Your committee favors use of the procedures afforded by the Agricultural Adjustment Act, as amended, the Trade Agreements Extension Act of 1951, and section 101 of the Defense Production Act of 1950, to adjust difficulties

arising from imports of products that unfairly compete with those produced in the United States.

It, therefore, urges immediate passage of S. 2104 to accomplish the repeal of section 104 of the Defense Production Act of 1950, as amended.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

PUBLIC LAW 96—82D CONGRESS

CHAPTER 275—1ST SESSION

S. 1717

AN ACT

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Defense Production Act Amendments of 1951".*

TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

PRIORITIES AND ALLOCATIONS

SEC. 101. \* \* \*

[(c) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section." ] \* \* \*



